

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 0 0 2

2. STATE:

MA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID) Title XIX

4. PROPOSED EFFECTIVE DATE

January 1, 2001

REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY _____ \$ _____
b. FFY _____ \$ _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B

page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Federally Qualified Health Centers and Rural Health Centers

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Not required under 42 CFR 430.12(b)(2)(i)

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Wendy E. Warring

13. TYPED NAME:

Wendy E. Warring

14. TITLE:

Commissioner

15. DATE SUBMITTED:

March 30, 2001

16. RETURN TO:

Bridget Landers
Coordinator for State Plan
Division of Medical Assistance
600 Washington Street
Boston, MA 02111

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 30, 2001

18. DATE APPROVED:

May 8, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

Ronald Preston

21. TYPED NAME:

Ronald Preston

22. TITLE:

Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

- c. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth;
 - 1) Audiological services, fee schedule established by the Division of Health Care Finance and Policy
 - 2) Chiropractor services, fee schedule established by the Division of Health Care Finance and Policy,
 - 3) Optometric services (including professional fee and certain items dispensed), fee schedule established by the Division of Health Care Finance and Policy.
- f. Home health care services – fixed fee schedules established by the Division of Health Care Finance and Policy. (see pages 2a1 through 2a10)
- g. Private duty nursing services - fee schedule established by the Division of Health Care Finance and Policy.
- h. Clinic services - fixed fee per visit for each clinic established by the Division of Health Care Finance and Policy. *
- 1) Freestanding Ambulatory Surgical Centers:
 - a) facility component reimbursed by a fee schedule established by the Division of Health Care Finance and Policy;
 - b) prosthetic devices reimbursed separately from the facility component by a fee schedule established by the Division of Health Care Finance and Policy.
- 2) Section 638 Tribal Facilities. Payment is made to § 638 tribal facilities in accordance with the most recently published *Federal Register* notice addressing the I.H.S. encounter rate. Medicaid services covered by the all-inclusive rate include the following:
 - a) Early and periodic screening, diagnosis and treatment services;
 - b) Family planning services and supplies;
 - c) Physicians' services;
 - d) Medical care and any other remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law (i.e., podiatrist, optometrist, chiropractor and audiologist services);
 - e) Rural health clinic services;
 - f) Home health services;
 - g) Private duty nursing services;
 - h) Clinic services;
 - i) Dental services;
 - j) Physical therapy and related services;
 - k) Other diagnostic, screening, preventive, and rehabilitation services;
 - l) Nurse-midwife services;
 - m) Case management services;
 - n) Extended services for pregnant women;
 - o) Ambulatory prenatal care for pregnant women;
 - p) Pediatric or family nurse practitioner's services.
- i. Rural health clinics: *
 - (1) rural health clinics services – an all-inclusive rate will be determined by the carrier at the beginning of the reporting period by dividing the estimated total allowable costs by estimated total visits for rural health clinic services;
 - (2) other ambulatory services – fee schedule established by the Division of Health Care Finance and Policy.
- j. Dental services (including dentures and prosthetic devices) – fee schedule established by the Division of Health Care Finance and Policy.
- k. Physical therapy and related services – fee schedule established by the Division of Health Care Finance and Policy.
- l. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select -- fee schedules established by the Division

of Health Care Finance and Policy. Payment for prescribed drugs shall not exceed the lower of the provider's usual and customary charge or:

- (1) for multiple source drugs for which a Massachusetts Maximum Allowable Charge (MMAC) or a HCFA Upper Limit (MAC) has been established – the MAC or the MMAC price plus a dispensing fee;
- (2) for all other drugs – the Estimated Acquisition Cost (EAC) which is defined as Wholesale Acquisition Cost (WAC) plus 10%, plus a dispensing fee.

*

X The payment methodology for FQHCs/RHCs will conform to section 702 of the BIPA 2000 legislation.

_____ The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements Prospective Payment System (PPS).

X The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements for an alternative payment methodology. The payment amount determined under this methodology:

1. is agreed to by the State and the center or clinic; and
2. results in payment to the center or clinic of an amount which is at least equal to the PPS payment rate

FQHCs are paid a class rate for medical services based on total costs for medical, supporting services and administration allocated to the medical cost center less restricted grants and donated services. The administrative component of that rate is based on total administrative costs for medical services divided by total encounters. An efficiency standard for administrative costs was established at the 75th percentile of those costs. The rate is adjusted by a productivity factor based on a ratio of actual medical visits to full time equivalent (FTE) staff, and additional adjusters intended to reflect FQHC payments under the Primary Care Clinician Program (PCCP), as well as the applicable Consumer Price Index (CPI). After such adjustments, a standardized rate is calculated for each FQHC and the class rate is established at the median of those individually calculated rates.

The rate of payment for other FQHC services is that applicable to each discrete service including, for example, dental, pharmacy, clinical laboratory, vision care and radiology.

In July 2000, a public hearing was held to invite comments from FQHCs regarding the regulation governing the FQHC payment rate described above. No comments were submitted in opposition to this methodology. The state will conduct an analysis to confirm whether the current payment system results in payment to FQHCs of an amount that is at least equal to the PPS payment rate and will make any appropriate rate adjustments accordingly.